
Predevelopment Activities



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"There are only two lasting bequests we can hope to give our children. One is roots; the other is wings."

- Hodding Carter



Predevelopment Activities

Before beginning the actual planning and design of a child care center, there are a number of predevelopment activities you should carry out, including:

- Developing a vision
- Conducting a needs assessment and market analysis
- Considering partners
- Determining your organizational structure, business plan and financing options
- Attend a licensing orientation meeting conducted by the Department of Social and Health Services, Division of Child Care and Early Learning (DCCEL).

START WITH YOUR VISION

Because the types of child care and school age programs are quite varied, it's important to carefully assess what you want to accomplish. In their book, *The Visionary Director, A Handbook for Dreaming, Organizing and Improvising in Your Center*, Margie Carter and Deb Curtis suggest you start your thinking with a self-assessment of your vision. They propose you identify which of the goals below are closest to your primary purpose in starting a program. There

is no right or wrong answer and more than one of the statements may seem appealing to you. Once you're clear about your primary purpose in building and running a center, you will have a solid reference point when faced with difficult decisions in your planning and development.

- To enhance children's self-concept and social skills as they learn to get along in the world
- To give children a head start to be ready for school and academic success
- To provide a service for parents while they're at work
- To ensure children have a childhood that is full of play, adventure, and investigation
- To create a refuge for children who have difficult home lives
- To become a family center that offers parents a place to learn about child development and parenting skills
- To create a community where the adults and children experience a sense of connection and new possibilities for making the world a better place
- To provide care for children with specific mental, emotional and/or physical developmental challenges
- To create a teaching/learning center for early childhood education professionals
- (Add your own words here)

With your primary purpose(s) identified, you can begin developing a vision for what the physical space for your center might be like. Remember that whatever your primary purpose in starting a program, you will be creating a space in which young children and their caregivers and teachers will be spending most of their waking hours. From the time children enter a child care program as an infant until they enter kindergarten, they could be spending up to 12,000 hours of their childhood in care away from their families. Whatever age groups you choose to serve, remember that the children deserve a beautiful and inviting space, one that honors their needs for a comfortable, healthy environment. Imagine creating a center where children can form a positive sense of identity, develop relationships with others, experience cultural diversity, and find opportunities to discover the joy of learning and the power of knowledge. The needs of the people who work in your program must also be met, allowing them to focus on providing good experiences for the children everyday.

An initial investment in defining a vision will help keep you on track while developing a child care or school age program. Use your vision to help you stay focused when confronted with the myriad regulations, challenges, and trade-offs that are part of the development process.

NEEDS ASSESSMENT & MARKET ANALYSIS

For your dream to become a viable business, you need to locate your center in an appropriate geographic area – an area that not only contains families seeking child care, but one that will work well with your goals. This is not a matter of speculation, but rather a collection and analysis of data. Potential geographic areas should be analyzed for:

- Number of families with children
- Age ranges of children
- School enrollment data / trends
- Income levels
- Housing starts
- Economic growth projections / trends
- Population growth projections / trends
- Local unemployment rates
- Major employers / employment trends
- Type of care being sought (by age group)
- Hours of desired care
- Location of desired care
- Cultural preferences
- Religious preferences
- Educational preferences
- Transportation requirements
- Availability of out-of-home child care options





Sources for this information include, but are not limited to:

- Child Care Resource and Referral agencies (see Appendix)
- U.S. Census records (web site: census.gov)
- Local school districts
- Local chambers of commerce
- Local or regional economic development agencies
- Local building and/or planning departments
- Local government / human services departments
- Local United Way offices
- Local birthing centers

Researching existing local child care program sizes (including family home care and school age care), locations, fees, age groups served, enrollment history / trends, and philosophy of care is also helpful. This information can be found through:

- Child Care Resource and Referral agencies (see Appendix)
- Regional representatives of the State Division of Child Care and Early Learning (see Appendix)

Yellow pages

Parent surveys

Direct contact with existing programs

This information will help you determine existing gaps in local child care services and if your vision meets the current needs of families in your area.

PARTNERING FOR FACILITY PLANNING, DEVELOPMENT & OPERATION

Consider partnering with another person, group or organization in the planning, development and operation of your center. A partner can help mitigate costs and help you better design care for a specific population. Be sure to carefully explore ways in which the partnership can support or detract from your vision and goals. Potential partners might include:

Individuals

School districts

Community centers

Faith-based organizations

Universities / Community Colleges /

Trade Schools

Office or Industrial parks

Individual businesses

Port districts
Government offices
Transit agencies
Granges
Local social service or civic agencies
Local Housing Authorities
Hospitals / Clinics / Nursing Homes
Senior Centers
Retirement Homes
Housing Complexes
Large Retail Complexes

Some examples of the types of partnerships that for-profit child care centers might explore include:

- Ownership and costs can be shared by two or more individuals
- Owner can be supported (financially) by a silent partner / investor who expects a specific rate of return on the investment (in child care this sometimes is a family member who does not expect a return on investment)
- Owner can partner with another business or corporation and provide below-market rate child care for corporate employees in exchange for free or reduced rent, lower lease costs, etc.

- Owner can partner with multiple businesses under similar arrangements listed above
- Owner can contract to provide child care services in hospitals, low-income housing complexes, large office parks or industrial complexes or anywhere there are large concentrations of working parents. (If contracting with a developer who is receiving local development / building credits for adding a child care center, make sure the credits are passed on to the child care center .)
- Owner can partner with nursing homes or senior centers as a way to promote intergenerational experiences for both populations.

Non-profit child care centers can also explore the following:

- Non-profit child care centers can partner with a religious institution and receive below-market rate rent and/or janitorial / bookkeeping services in exchange for reduced costs of child care for employees and members. Faith based organizations may raise capital funds for building expenses from members that can include the costs for a child care facility.



- Non-profit child care centers can partner with a school district to provide child care services on school grounds. Often the school will provide the land, and possibly even classroom space, at low or no fee. This is particularly advantageous for school districts if the child care center also includes Head Start or ECEAP programs.
- Non-profit child care centers can partner with a business or corporation and provide below-market rate child care for employees in exchange for free or reduced rent, lower lease costs, etc. Financial assistance may also be available from corporate or foundation grants for community programs.
- Non-profit child care centers can contract to provide child care services in hospitals, low-income housing complexes, large office parks or industrial complexes or anywhere that there are large concentrations of working parents. (If contracting with a developer who is receiving local development / building credits for adding a child care center, make sure the credits are passed on to the child care center.) In these settings, there may be funds available to the hospital or the Housing Authority for capital projects that can be used to help build or remodel the child care center.

Financial assistance may also be available from local governments for public facilities that benefit the community or specific populations.

- A non-profit organization can create it's own child care program to help further its mission and provide care for the children of the population it serves and those of its employees.
- Owner can partner with nursing homes or senior centers as a way to promote intergenerational experiences for both populations. In these settings, there may be funds available to the nursing home or the senior center for capital projects that can be used to help build or remodel the child care center.

Presenting a well thought out, cogent business plan (see following page) demonstrates your commitment to your goals and your effectiveness as a future partner. Clear communication about your own goals and a full understanding of your partner's goals leads to greater chances for success. It's also important to put your agreements with other parties in writing.

ORGANIZATIONAL STRUCTURE

Child care centers can be structured as a non-profit corporation, or as a for-profit sole proprietorship, partnership or corporation (several types of corporate structures are available). A Certified Public Accountant can identify the tax consequences, advantages and disadvantages of each organizational structure, as well as the steps and paper work required to establish your business and tax status.

Helpful resources include:

- The Washington State Department of Community Trade and Economic Development publishes the *Guide for Small Businesses in Washington State*. You can obtain copies by calling the Business Assistance Referral Helpline at (800) 237-1233 (within WA) or through the website: www.oted.wa.gov/ed/businessassistance.
- The U.S. Small Business Administration (SBA) Service Corps of Retired Executives (SCORE) offers free counseling to small businesses and sponsors seminars on business start-up and operation, usually at Small Business Development Centers located in most counties. Counseling is also offered online at www.score.org.

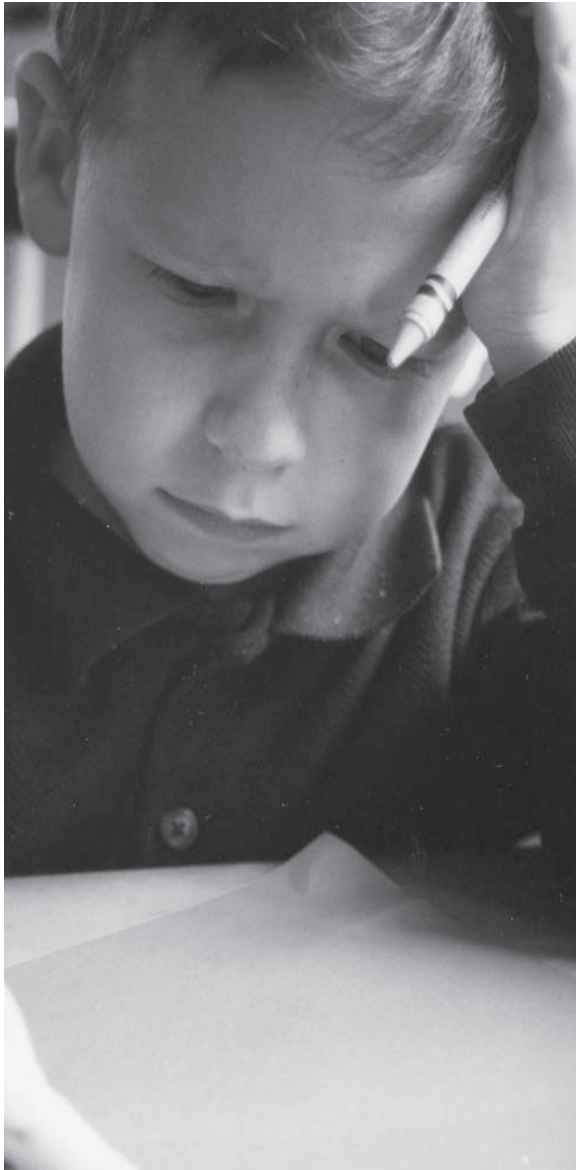
Once the appropriate organizational structure is identified, you can then develop a business plan and consider financing options.

BUSINESS PLAN

A business plan is a written description of your goals and strategy for the development, operation and future of your center. Business plans serve two primary purposes:

- Recording and tracking the steps you'll need to take to get your business off the ground, and
- Providing your potential funding sources and potential partners with a document that explains how you plan to make your vision a reality

Business plans typically include a project summary, a business description, a market analysis, a marketing plan, an operating plan, a management plan and a financial forecast. For assistance in developing your business plan, contact the resources listed above or your local community bank loan officer.



DEVELOPING YOUR BUSINESS PLAN

☐ Plan Summary

The Plan Summary is a one- or two-page summary describing your business to prospective lenders and investors. A well-developed plan will help convince lenders or investors to examine your business further. Even though a Plan Summary appears first in your business plan, you should write it last.

Your Plan Summary should include:

1. A brief description of the company's history.
2. Description of services.
3. Management.
4. What it will take to make a profit: break-even analysis.
5. How much money you are seeking (if applicable).
6. How you will pay the money back (if applicable).

☐ Purpose of the Business

1. What you want to accomplish.
2. Mission statement.
3. Description of the business.

☐ Service Defined

1. The market that needs your service.
2. A complete description of your service.
3. The cost and profit of each service. Describe the break-even point.
4. The major sources of competition.
5. Opportunities to better develop your product.

☐ Market Analysis

1. Market research. Size of market and how long has it existed. Barriers to your business entry and growth.
2. Target market. Who will buy your service?
3. Where most of your sales occur.
4. How much do you expect to sell?

☐ Market Strategy

1. Define your advantage. What is the difference between your service and your competitors?
2. Evaluate the competition. What is the size of your competition? Market maturity?
3. Pricing Strategy. Is your price competitive?
4. Distribution channels. Which will you use?
5. Promotion. How will you tell others of your product or service?

☐ Management

1. Identify your organizational structure and key employees.
2. Provide a resume for each person.
3. Identify management skills.
4. Professional services.
5. Identify any technical or specialty services.

☐ Schedule of Events

1. List critical dates.
2. Make short-term goals.
3. Project long-term goals.
4. Identify barriers or risks and solutions.

☐ Financial Information

1. Financial statement.
2. List your start-up expenses.
3. Funding.
4. Equity- owner's investments.
5. Financing.
6. Monthly cash flow analysis. How you will pay creditors, personnel, and bills? When you will receive payment for sales?
7. Sales forecast.
8. Income projection.
9. Operation expenses.
10. Methods of financial reporting you will use.
11. Break-even analysis.
12. Balance sheet - assets and liabilities.





FACILITY FINANCING OPTIONS

Paying for the construction or remodel of a child care or after school facility is frequently a matter of piecing together some of the following options:

- Personal savings, family investments
- Partnership contributions (see above)
- Bank, community development and/or government loans
- Grants from public and private organizations and/or individuals (non-profit status may be required)
- Volunteer labor and in-kind donations
- Bartering child care services in exchange for construction costs
- Amortizing the cost of improvements through the lease payments

Some resources for investigating financial technical assistance and options include:

- Child Care Resource & Referral Network for grants and technical assistance

Telephone: (800) 446-1114 or
(253) 383-1735 (also check with your
local CCR&R agency)

Website: www.childcarenet.org
("Providers" page)

- Department of Community Trade & Economic Development for loans, grants and technical assistance and the Guide for Small Businesses in Washington State

Business Assistance Referral Helpline:
(800) 237-1233

Website: [www.oted.wa.gov/ed/
business assistance](http://www.oted.wa.gov/ed/business%20assistance)

- Department of Social and Health Services (DSHS) for technical assistance

Website: www.wa.gov/dshs/dccel

- Philanthropy Northwest for grant opportunities. Their Philanthropy Northwest Member Directory lists private organizations that fund activities to improve the quality of life in the northwest. In most cases the applicant is required to be a 501(c)(3) non-profit organization to be eligible for funding.

Telephone: (206) 770-9423

Website: www.philanthropy.org

- Cascadia Revolving Fund for loans and technical assistance. Cascadia Revolving Fund is a non-profit community development financial institution serving the Pacific Northwest

Telephone: (206) 447-9226

Website: www.cascadiafund.org

If providing care for children with special needs, check with a local DSHS Division of Developmental Disabilities and your local Child Care Resource & Referral Network agency member for funding support sources.

Telephone: (800) 737-0617

Website: www1.dshs.wa.gov/ddd

- State funded micro loans programs. See appendix for contact list.

WORKING WITH PROFESSIONALS

The process of developing a child care center is complex. You are strongly encouraged to consult with professionals knowledgeable in all aspects of business start-up and in the design and development of child care centers. You may find some of these professional resources among your friends and family. Be sure they either already know the requirements specific to child care facilities, or are sensitive to the need for careful research. If you hire professional assistance, the costs of these services can be built into your development and operating budgets. The help you receive from professionals will most often save you time, money and headaches. You are, however, your own primary consultant. Review advice carefully and read all agreements thoroughly before signing.

Consult with:

- Child care center licensors to evaluate potential sites and ensure that your goals are realistic and consistent with the program vision
- Architects to evaluate potential sites, provide design options, provide permit and construction documents, assist with selecting a general contractor and administer construction contracts for your facility
- Bankers and accountants to review business plans and financing options
- Attorneys to review legal partnering written agreements
- Real estate professionals to review lease or purchase and sale agreements
- Developers to conduct a needs assessment and evaluate the local market potential
- Child care consultants to ensure that your goals are realistic and consistent with the program vision
- Capital campaign consultants to assist with fundraising
- Local business and school district representatives to help assess enrollment needs
- Community members or parents to help assess enrollment needs
- Local government planning departments to define zoning and building code requirements



You can locate consultants through references, personal contacts, family members, the Yellow Pages, the local Child Care Resource & Referral agency, the local Chamber of Commerce or the U.S. Small Business Administration SCORE program.

Creating a new child care program requires a project manager to serve as the point person and coordinator for all the information regarding regulations, costs, recommendations from consultants and emerging constraints on your vision. The project manager is like an octopus, needing many hands to deal with many issues. If you will not be serving as the project manager, it is important that you hire someone qualified to do this important job and that you be kept closely informed of progress and decisions.

